

1932

File No. 6-32

Serial Nos. 9-11

Previous References

L.M. 6-32-7+8
~ ~ 1-6
L.B. 128-32 1+2
L.M. Late References 5+6
L.M. 21-29 5+7
L.M. 21-29 1-4

(~~4-11~~)

preserve

GENERAL AND REVENUE SECRETARIAT.

P. M. 2-33 (4.5)

L. M. 2-33 (6.8)

Serial Nos. three

Part B for

SUBJECT

Issue of the balance of the expenditure of the
Land mortgage bank

L. 6529-34 & p.o. 6.12

Regd. d.s. is President L.M.
Compt. to Govt. Bank
Muzrai Commr

Registrar Mysore Univ.

Di B p

Disch. to

L.M. 6-32-9

THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LTD.

ALBERT VICTOR ROAD, CHAMARAJPET.

4260
BANGALORE CITY.

DATED 28th April 1933

D.O. No: 328

Dear Mr. Wajid

With regard to the discussion I had some days back with the then First Member of Council, I have already received the orders of Government (No.D.5091-3/L.M.6-32-8 dated 8th April 1933) authorising the Bank to issue debentures to the Kadur District Board and to the other subscribers for the balance of Rs.1,67,300 still available out of the debentures issued ^{by the Bank} in 1930. The orders of Government are still due on the undermentioned points. I shall feel obliged if you will kindly have the necessary orders issued thereon early.

Yours sincerely,

S. Abdul Wajid

S. Abdul Wajid, Esq., B.A.,
Secretary to Government,
Development Department,
B A N G A L O R E.

- (i) Interest to be allowed at 4½% on the minimum monthly balances in respect of the Bank's debenture amounts which were entrusted by the Bank to the Trustee and placed by him in the Government Savings Bank pending their utilization by the Bank for the grant of loans.
- (ii) The consideration of the question of the formation of the sinking fund for the repayment of the debentures to be deferred for the present & for 5 or 10 years, leaving the Bank free in the meantime to utilize for the grant of fresh loans the recoveries made by it towards the previous loans advanced by it.

-----oCo-----

2

Encl.

The question is separately under consideration in file no. L.M. file no. 30-31, which has been made to file on 9/4/33. This file will be awaited.

Yes for a week more

KP
575

NOTE—Contn. Sheet.

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wa
1933
SECRETARIAT
MENT BRANCH

WD 0246 -GPB-15,000-22-8-32

Serial
No.

10

From the President
The Mysore Co-operative Land Mortgage Bank Ltd
Bangalore

O.O. no. M.O. 345 dated 18th May 1933

Request for reasons given to issue the
balance of Rs. 1,67,300 remaining un-
subscribed out of the 5% debentures floated
in 1930 or as much thereof as possible
to the Kader Dist. Board and to the public
Said for orders. The Financial Sec^y may
be consulted

~~23/5~~
23/5

Dev: sec 4)

23/5

Fin. Secy

Fl. 3444
26/5

25.5.33. 25/5

29.5.33.

The permission sought for by the Bank, to issue the
entire sum of three lakhs of the first series of debentures
by extending the period up to which the subscriptions there-
of could be received, has already been granted by Govern-
ment. ~~the~~

As explained ~~in~~ in the last portion of para 2 of the
President's letter dated 11-3-33, the amount to be subs-
cribed for by Government is one lakh, the total amount of
public subscriptions to the debentures so far received, ~~in-~~
~~cluding the investment of Rs. 50,000 by the Kader Distri~~

is 1,32,700 Rs. ~~the amount now~~ ~~the amount~~ ~~to be~~
amount allotted to Kader Dist Bd is 50,000 Rs

& the balance now to be made available

File No.

of 193

General and Revenue
Secretariat

is only Rs 17,300 -- a very small amount. In a meeting with the President of the Bank in the Member's room it was agreed that there was no harm in allowing 5 per cent interest to the Kadur District Board and the debentures allotted to Government (Rs 1 lakh) may be taken up by Government and passed on to Religious and Charitable endowments which are seeking investment of funds.

In the circumstances mentioned in the letter under reply, payment of 5 per cent interest and the issue of the total quantity of debentures may be approved.

The sum of Rs 1 lakh to be subscribed for by Government need not be thrown open to the public. It ~~will~~^{may} be taken *by Gov.* ~~made available for~~ *first informed the President of* charitable endowments. The Comptroller will be asked to suggest, if necessary after consulting the Muzrai Commissioner the Director of Public Instruction and the Registrar, Mysore University, which particular endowments may take up these debentures.

The President may, as suggested by him, try to get as high a premium as may be possible for debentures of the face value of Rs 17,300 which will be made available to the public.

Second Member.

Lacree

*W.H.
8.6.33*

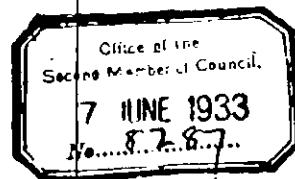
*E.H.
9/6*

*for
7/6*

6.6.33

*W.H.
7.6.33*

GENERAL RECEIPT



Serial
No.

Don't know

to KP
#4

Dev: Sec. 4)

8/15/6

und. done
16.6.33 16/6

16 JUN 1933

11

D. 6529-34 & 20.6.33.

The Registrar of Co. Societies.

The President, L.M. Bank.

The Secretary, L.M. Bank.

The Registrar, Mysore University.

The W.P. D.

The Comptroller

Direct the issue of the balance
of the Debentures of the L.M. Bank
on certain conditions;

M. 16/6

GEN. & REV. SECRETARIAT.
DEVELOPMENT BRANCH.

L.M. 6-32-L

(5)

THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LTD.

Sl. 7 & 8 B.
April 33.

ALBERT VICTOR ROAD, CHAMARAJPET.

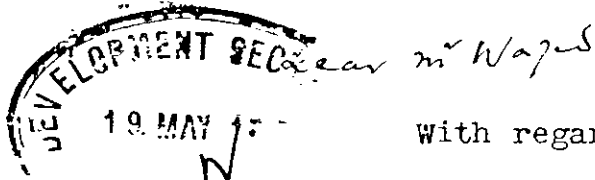
RAJASABHABHUSHANA
K. R. SRINIVASIENGAR, M.A.,
PRESIDENT.

BANGALORE CITY.

DATED 19 - 5 - 1933

D.O. No. 345/Encl: 2

4570



With regard to the observation contained in para 2 of G.O. No: D. 5091-3/L.M. 6-32-8 dated the 8th April 1933 that it is a point for consideration if the rate of interest (5%) on the debentures is not too high in the present circumstances of the money market, I consulted some persons having Banking experience and their opinion was that though the Bank's debentures are guaranteed by Government both as regards principal and interest, there is always a difference between bonds actually issued by Government and those only guaranteed by them and that it may not be possible to float the Bank's debentures at less than 5%. I enclose for the perusal of Government a copy of a letter addressed by me to Mr. C'Brien (Manager of the Mysore Bank) in the matter and his reply thereto. In the circumstances, I propose to issue the balance of Rs. 1,67,300/- remaining unsubscribed out of the 5% debentures floated in 1930 or as much thereof as possible to the Kadur District Board and to the public as stated in my letter dated 11th March 1933 to Government and approved by Government in their order referred to above.

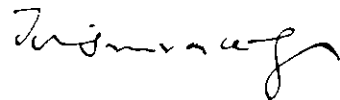
In respect of these debentures which are thrown open to the public,

-: b :-

public, I am trying to see if I can secure a small premium. But so far I have not been very successful in my effort.

I shall be soon addressing the Government separately in the matter of the floatation of the next series of debentures.

Yours sincerely,



S. Abdul Wajid, Esqr., B.A.,
Secretary to Government,
Development Department,
B A N G A L O R E.

T.VL) 

Letter No: 3452 dated 10th May 1932 addressed to Mr. P. W. O'Brien, Manager, Bank of Mysore Ltd., Bangalore, from Rajasabha-bhushana Mr. K. R. Srinivasiengar, President, Mysore Co-operative Land Mortgage Bank Ltd., Bangalore City.

---:oOo:---

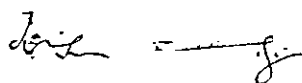
It is proposed to have debentures for three lakhs of rupees floated by this Bank. The debentures will be redeemable at the end of 25 years, the Bank retaining however, the right to redeem at par as many bonds as it may consider necessary at any time after the expiry of 10 years. The debentures are free of Mysore Income Tax and will be guaranteed by Government with regard to both principal as well as interest (which will be payable half-yearly) They are exempt from stamp duty and have been treated by Government as negotiable instruments and trustee securities. I shall be obliged if you will favour me with your opinion as to the rate of interest at which the debentures may be issued, with due regard to the prevailing conditions of the money market.

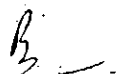
The first series of debentures floated by this Bank in 1930 carried interest at 5%. In view of the fact that the Government of India have only recently raised a loan at $3\frac{1}{2}\%$ with income-tax, and that the Mysore Government 5% bonds are selling at a high premium, I request you to advise me if it would be possible for the Bank's debentures (which being income-tax free and ~~guar~~ guaranteed by Government are practically as good as Mysore Government bonds) to be floated at 4 or at the most $4\frac{1}{2}\%$, and if the Mysore Bank would be able to underwrite the debentures and if so, to what extent.

I enclose herewith for your perusal a copy of the prospectus issued at the time of the floatation of the first series of debentures by the Bank in 1930. The conditions of the debentures proposed to be now issued will be the same as those mentioned in ~~the~~ prospectus.

---:oOo:---

/ C o p y /


P r e s i d e n t.

T.V.L. 

D.O. Letter No: 773 dated 10th May 1933 from Mr. P.W. O'Brien, Manager, Bank of Mysore Ltd., Bangalore, to Rajasabhabhushana Mr. K.R. Srinivasiengar, M.A., President, Mysore Co-operative Land Mortgage Bank Ltd., Bangalore City.

---:oOoOo:---

I am in receipt of your letter of the 10th instant stating that it is proposed to issue Debentures for Rs. 3 lakhs by the Mysore Co-operative Land Mortgage Bank, Ltd., redeemable in 25 years.

As regards the rate of interest at which the Debentures may be issued, I am not in a position to give an authoritative opinion on this point, but I do not believe you will be able to float the issue at less than 5%. The investing public is shy of this class of investment as there is not a free market for the Bonds. It is difficult to create a market outside Mysore State as, for one reason interest is payable only within the State.

As regards your inquiry as to whether this Bank would underwrite the issue, this is a matter for consideration and I shall be glad to place it before the Board of Directors.

---:oOoOo:---

C o p y /

T. V. L.
P r e s i d e n t.

T.V.L. *h*

SUBJECT

Diary No. of letter replied to

Section *L. M*
 File No. *6-32*
 Serial No. *11*

General and Revenue Secretariat

()

the 193

Proceedings of the Government of
 His Highness the Maharaja of Mysore.

Date of issue *20/5/1930*Read— *Go. no. S. 12215-6 L. M.*Signed by *Mr. S. S. S.**21-29-2 dated the 11th April.*

May this be—

- (i) printed ?
- (ii) treated as a standing order ?
- (iii) published in the Gazette,
English Part ?
- (iv) translated ?
- (v) placed at the disposal of the press ?
- (vi) published in the Gazette,
Kannada Part ?

*1930 Sanctioning the issue of debentures
 for a sum of 3 lakhs of Rupees
 by the Land Mortgage Bank,
 out of which Rupees one lakh
 was to be subscribed for by
 Order thereon—No—*

*not thrown open
 to the public to be subscribed for
 by the public on 30th June 1930*

(W)

2. Go. no. S. 142.3 L. M. 21-29-7

*dated the 5th July 1930 extending
 the period of subscription to the
 debentures of the Land Mortgage
 Bank to 31st July 1930.*

*7611
 1916*

3. G.O. No. S. 4506-4 / L M. 18.29.6 (V)

Dated the 31st October 1930 pursuant
the Land Mortgage Bank to draw
the sum of one lakh of Rupees
to be taken up by G.O. No. and
when ~~it is~~ requested for the purpose of
granting loans, debentures
being issued by the Bank
to the Govt. for the actual

amounts drawn from time to time
4. G.O. No. L. 3680-3 L B. 128.32.2 (U)

Dated the 22nd / 23 Nov 1932 Sanctioning
the interest ^{ment} of a sum of Rs 50,000
by the Kadar St Board in the
debentures of the Land Mortgage
Bank.

5. G.O. No. S 5091-3 L M. 6.32.8 (IV) ^{List of Enclosure}

Dated the 8th April '933 approving
the proposals of the Land Mortgage Bank
to throw open to the public
the unsubscribed balance of Rs
1,17,300^{out} of the debenture loan of
3 lakhs sanctioned under 1st
Go read above as typewritten

Copied by
Examined by

G. R. S. App. F. G. 3.

GENERAL AND REVENUE
SECRETARIAT.

(Continuation sheet draft form.)

May be omitted
ms.

are likely to subscribe for
^{also}
 The amount in view of the
 change in the conditions of the
 money market the issue of
 debentures ^{by Govt} being restricted to
 any deficiency in the required amount
 and the amount [and pointing
 out for consideration by the
 Bank of the rate of interest
 on the debentures viz 5% free of
 income tax is not too high
 in the present circumstances
 considering ~~the fact~~ that Govt
 guarantee both interest and
 principal of the debentures issued

6. ^{ms} letter no. 345 dated the 19.5.33
 from the President Land
 Mortgage Bank [stating that
 he consulted some persons
 having banking experience
 whose ^{ms} opinion was that
 though the Bank's debentures
 were guaranteed by Govt

both as regard principal and
interest, there is always a difference
between bonds actually
issued by Govt and those only
guaranteed by them and that
it may not be possible

[maybe omitted]

to float the ~~Bank's~~ Bank's
debentures at less than 5%
and therefore] proposing to
issue the balance of Rs
,67,300 remaining unallocated
out of the 5% debentures floated
in 1930 or as much thereof as
possible to the Madras
Board or ^{to} the public
is already approved by
Govt in the 5th Go. Road above.

in adding that in respect
of the ~~debentures~~ debentures which are
thrown open to the public
he is trying to see if he can

Secure a small premium, although
he has met
~~but~~ with little success so far

GENERAL AND REVENUE
SECRETARIAT.

(Continuation sheet draft form.)

The total amount of public subscriptions to the debentures so far received is Rs 1,82,700 inclusive of the Koon Dt' Boards recent subscriptions. The balance of the debentures ~~unissued~~ ^{available for issue} ~~is~~ ^{is} ~~the public~~ ^{Rs 17,300} which may be thrown open to the public. The President may try to get as high a premium as may be possible for these debentures which ~~will be~~ ^{are} now available to the public.

2. The payment of 5% interest on these debentures is approved.

3. The sum of Rs 1 lakh to be subscribed by Govt, need not be thrown open to the public, ~~as it~~ ^{it} will be taken ~~by~~ by Govt in the first instance, and

then passed on to ^{Religious and} Charitable
endowments^{which are seeking investment of funds} The Comptroller
is requested to suggest, if necessary,
in consultation with the Mysai
Commissioner, the D.P.D. and the
Regt of the Mysore University
which particular endowments
may take up these debentures

W.H.

Dev. Secy.

CH 15/6

To the Regt of C.S.

" District L. M. Bank

" Mysai Commr.

" Regt Mysore University

" Dir. of Public Instr.

" Comptroller to Govt

16

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

Read:—

Government Order No.D.12215-6/L.P.21-29-2 dated the 11th April 1930 sanctioning the issue of debentures for a sum of 3 lakhs of Rupees by the Land Mortgage Bank, out of which Rupees one lakh was to be subscribed for by Government and the rest thrown open to the public to be subscribed for by the 30th June 1930.

2. Government Order No.D.142-3/L.P.21-29-7 dated the 5th July 1930 extending the period of subscription to the debentures of the Land Mortgage Bank to 31st July 1930.

3. Government Order No.D.4504-4/L.P.18-20-6 dated the 31st October 1930 permitting the Land Mortgage Bank to draw the sum of one lakh of Rupees to be taken up by Government on and when required for the purpose of granting loans, debentures being issued by the Bank to the Government for the actual amounts drawn from time to time.

4. Government Order No..3680-3/L.P.128-52-1 dated the 22/23rd November 1932 sanctioning the investment of a sum of Rs 50,000/- by the Madur District Board in the debentures of the Land Mortgage Bank.

5. Government Order No..5091-3/L.P.6-32-3 dated the 6th April 1933 approving of the proposals of the Land Mortgage Bank to throw open to the public the unsubscribed balance of Rs 1,17,300 out of the debenture loan of 3 lakhs sanctioned in the 1st Government Order read above as they are likely to subscribe for this amount also in view of the change in the conditions of the money market the issue of debentures to Government being restricted to any deficiency in the required amount.

6. J.C.letter No.345 dated the 16th May 1933 from the President, Land Mortgage Bank proposing to issue the balance of

Rs 1,67,300 remaining unsubscribed out of the 55 debentures floated in 1930 or as much thereof as possible to the Mysore District Board and to the public as already approved by Government in the 5th Government Order read above.

ORDER NO: *D 6525-33, 14 M. 6-82-11*

Dated, Bangalore, the 19th June 1933.

The total amount of public subscriptions to the debentures so far received is Rs 1,62,700, inclusive of the Mysore District Board's recent subscription. The balance of the debentures available for issue is Rs 17,300 which may be thrown open to the public. The Government may try to get as high a premium as may be possible for the ~~xxxxxxxxxxxx~~ debentures which are now available to the public.

2. The payment of 5% interest on these debentures is approved.

3. The sum of Rs 1 lakh to be subscribed by Government will be taken by Government in the first instance, and then passed on to Religious and Charitable endowments which are seeking investment of funds. The Comptroller is requested to suggest, if necessary, in consultation with the Mysore Commissioner, the Director of Public Instruction and the Registrar of the Mysore University which particular endowments may take up these debentures.

S. M. Karim
20/6
For Secretary to Government,
Development Department.

To

- The Registrar of Co-operative Societies in Mysore.
- " President, Land Mortgage Bank.
- " Mysore Commissioner in Mysore.
- " Registrar, Mysore University.
- " Director of Public Instruction in Mysore.
- " Comptroller to Government.